



Item 5: Publicly Owned Utility Capacity Payment Regulations (Docket 24-OIR-01)

May 26, 2026 Business Meeting

Liz Gill, Manager

Reliability Analysis Branch, Energy Assessments Division

Background



Strategic Reliability Reserve (SRR):

- Electricity Supply Strategic Reliability Reserve Program (ESSRRP)
- Distributed Electricity Backup Assets Program
- Demand Side Grid Support Program

SRR supports the state's electric grid during extreme and emergency events that fall outside typical planning standards



AB 1373 Statutory Requirements

- Establishes fee structure for POUs and LSEs in the CAISO balancing area that fail to meet system resource adequacy requirements during a month where ESSRRP resources are triggered to meet a reliability need.
 - CEC will determine capacity payments for POUs
 - CPUC will determine capacity payments for its jurisdictional LSEs
- Authorizes CEC to adopt regulations



Agency Responsibilities

➤ **DWR:**

- Identify when ESSRRP resources are being used in a month to meet an identified reliability need
- Provide information on resource cost

➤ **CEC and CPUC:**

- Determine whether any CAISO area POU (CEC) or LSEs (CPUC) are deficient
- Determine capacity payment based on the monthly cost of ESSRRP resources
- Assess capacity payments for deficient POUs (CEC) and LSEs (CPUC)

2024-2025 Pre-Rulemaking Activities



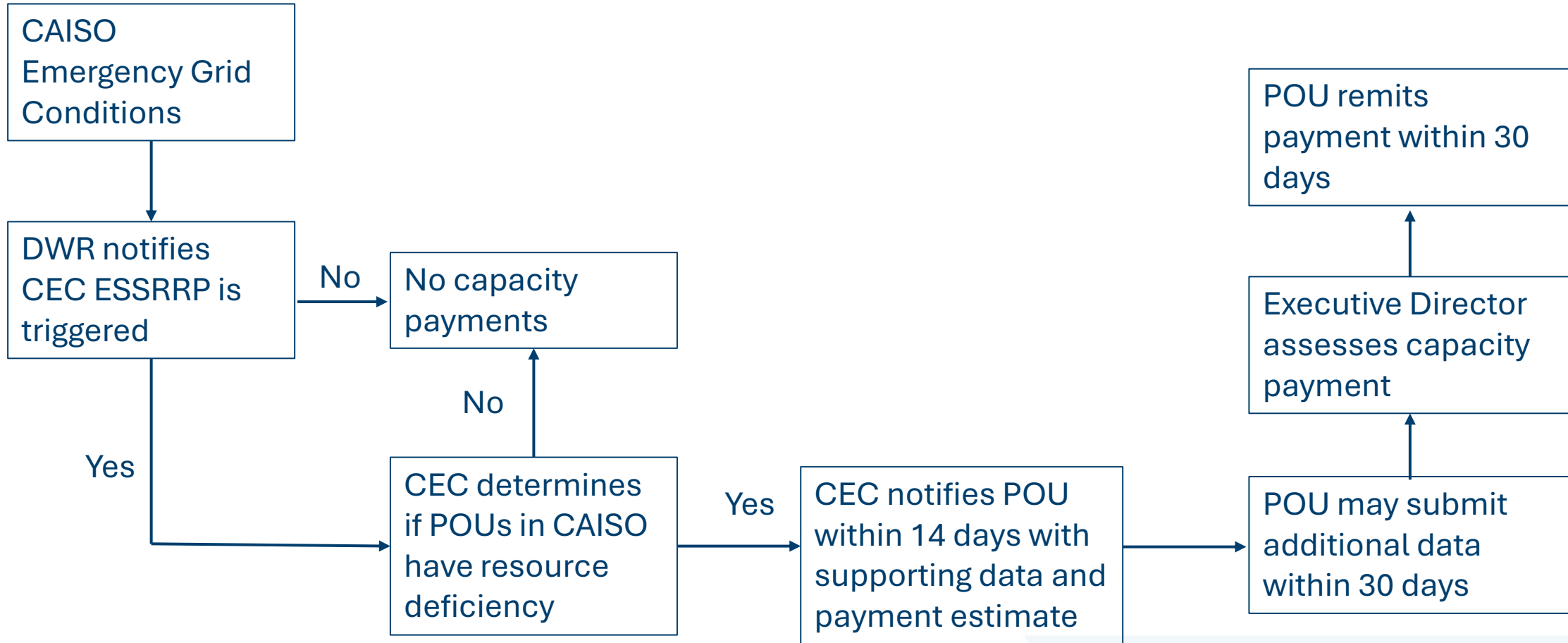
- May 31, 2024: Pre-Rulemaking Workshop
- 2024-2025:
 - Coordinated with CPUC, DWR, and CAISO on statute and implementation
 - Developed draft regulations, conducted peer agency review, and incorporated edits
 - Met with effected POUs throughout the process to provide feedback on draft regulations

2026 Rulemaking Activities



- February 27: 45-Day Language posted by the Office of Administrative Law
- April 14: No comments submitted on the regulations
- May 26: CEC Business Meeting for adoption
 - If adopted, will be effective October 2026

Assessing Capacity Payments



Staff Recommendation



- Approve the Resolution to adopt the POU Capacity Payment Regulations